



ILLINOIS
AMERICAN WATER

ILLINOIS COMMERCE COMMISSION

July 2, 2008

Ms. Elizabeth A. Rolando
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62701

ILLINOIS
COMMERCE COMMISSION
2008 JUL - 7 A 11: 21
ms
CHIEF CLERK'S OFFICE

Re: Illinois-American Water Company, American Water Works Company, Inc.,
Thames Water Aqua Holdings, GmbH and Thames Water Aqua US Holdings,
Inc., Docket No. 06-0336

Dear Ms. Rolando:

Please be advised that, on April 23, 2008, the Initial Public Offering ("IPO") of the common stock of American Water Works Company, Inc. (the "Company") occurred on the New York Stock Exchange.

Pursuant to Condition 17 of the Illinois Commerce Commission's Order in Docket 06-0336, please find attached for filing on behalf of the Company and Illinois American Water Company: (1) an audited balance sheet for the Company as of December 31, 2007 ("Attachment 1"), which was the last audited quarterly balance sheet that the Company had issued at the time of the IPO; and (2) an unaudited balance sheet for the Company as of March 31, 2008 ("Attachment 2"), which is a balance sheet as of the end of the quarter immediately preceding the IPO that was issued subsequent to the IPO.

As shown on Attachment 1, the common equity ratio of the Company as of December 31, 2007 was 47.50%. With regard to Attachment 2, under applicable accounting rules, the March 31, 2008 balance sheet reflects a retroactive adjustment to the amount of "goodwill", based primarily on the post IPO price of the Company's common stock as traded in the market on and after April 23, 2008 (through May 9, 2008). Because the retroactive adjustment would otherwise reduce the March 31, 2008 common equity ratio to a level below the minimum 45% required by Condition 17, RWE infused additional common equity capital in the amount of \$245 million, which has been used to reduce the outstanding balance of short-term debt. As Attachment 2 indicates, with the infusion, common equity constituted 45.36% of total capitalization on a pro forma basis as of March 31, 2008.

Should you have any questions, please let me know.

Very truly yours,


John Reichart
Corporate Counsel

ASSETS

	December 31, 2007
Property, plant and equipment	
Utility plant - at original cost, net of accumulated depreciation of \$2,776,950	\$ 9,199,909
Nonutility property, net of accumulated depreciation of \$50,587	118,052
Total property, plant and equipment	<u>9,317,961</u>
Current assets	
Cash and cash equivalents	13,481
Restricted funds	3,258
Utility customer accounts receivable	147,640
Allowance for uncollectible accounts	(20,923)
Unbilled utility revenues	134,326
Non-regulated trade and other receivables, net	66,540
Taxes receivable, including federal income	23,111
Materials and supplies	27,458
Receivable from affiliates	-
Assets of discontinued operations	-
Other	35,483
Total current assets	<u>430,354</u>
Regulatory and other long-term assets	
Regulatory asset-income taxes recoverable through rates	228,562
Debt and preferred stock expense	76,070
Deferred pension expense	102,130
Deferred postretirement benefit expense	45,683
Deferred security costs	18,853
Deferred business services project expenses	17,037
Deferred tank painting costs	18,502
Deferred rate case	11,854
Purchase premium recoverable through rates	60,889
Environmental remediation recoverable thru rates	6,600
Coastal water project costs	15,739
Other regulatory assets	28,140
Regulatory assets	628,039
Other investments	-
Receivable from affiliates	-
Restricted funds	10,252
Goodwill	2,456,962
Intangible assets	-
Other	90,514
Total regulatory and other long-term assets	<u>3,185,757</u>
TOTAL ASSETS	<u>\$ 12,934,072</u>

CAPITALIZATION AND LIABILITIES

	December 31, 2007
Capitalization	
Common Stock	1,600
Paid-In Capital	5,637,947
Retained Earnings	(1,079,118)
Accumulated Other Comprehensive Income	(18,383)
Unearned Compensation	-
Treasury Stock	-
Common stockholder's equity	\$ 4,542,046
Preferred stock without mandatory redemption requirements	4,568
Long-term debt	
American Water Works Company, Inc.	-
Long-term debt	4,674,837
Redeemable preferred stock at redemption value	24,296
Total capitalization	<u>9,245,747</u>
Current liabilities	
Short-term debt	220,514
Current portion of long-term debt	96,455
Current portion of redeemable preferred stock at redemption value	-
Accounts payable	168,886
Taxes accrued, including federal income	56,002
Interest accrued	50,867
Liabilities of discontinued operations	-
Other	181,766
Total current liabilities	<u>774,489</u>
Regulatory and other long-term liabilities	
Advances for construction	655,375
Deferred income taxes	638,918
Deferred investment tax credits	35,361
Regulatory liability-cost of removal	192,650
Accrued pension expense	290,722
Accrued postretirement benefit expense	158,552
Other	123,871
Total regulatory and other long-term liabilities	<u>2,095,449</u>
Contributions in aid of construction	818,387
Commitments and contingencies	-
TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 12,934,072</u>
Total Debt	\$ 5,020,870
Total Equity	\$ 4,542,046
Total Capitalization	\$ 9,562,716
Total Equity to Total Capitalization	<u>47.50%</u>

ASSETS

	(Unaudited) March 31, 2008	\$245M Equity Infusion	Paydown \$245M STD	(Proforma) March 31, 2008
Property, plant and equipment				
Utility plant - at original cost, net of accumulated depreciation of \$2,829,045	\$ 9,296,315	\$ -	\$ -	\$ 9,296,315
Nonutility property, net of accumulated depreciation of \$63,207	119,740	-	-	119,740
Total property, plant and equipment	9,416,055	-	-	9,416,055
Current assets				
Cash and cash equivalents	9,202	245,000	(245,000)	9,202
Restricted funds	2,149	-	-	2,149
Utility customer accounts receivable	136,261	-	-	136,261
Allowance for uncollectible accounts	(17,576)	-	-	(17,576)
Unbilled utility revenues	122,431	-	-	122,431
Non-regulated trade and other receivables, net	62,812	-	-	62,812
Taxes receivable, including federal income	23,111	-	-	23,111
Materials and supplies	28,961	-	-	28,961
Receivable from affiliates	-	-	-	-
Assets of discontinued operations	-	-	-	-
Other	47,523	-	-	47,523
Total current assets	414,874	245,000	(245,000)	414,874
Regulatory and other long-term assets				
Regulatory asset-income taxes recoverable through rates	227,182	-	-	227,182
Debt and preferred stock expense	74,700	-	-	74,700
Deferred pension expense	97,481	-	-	97,481
Deferred postretirement benefit expense	45,377	-	-	45,377
Deferred security costs	15,830	-	-	15,830
Deferred business services project expenses	16,211	-	-	16,211
Deferred tank painting costs	18,052	-	-	18,052
Deferred rate case	12,693	-	-	12,693
Purchase premium recoverable through rates	60,723	-	-	60,723
Environmental remediation recoverable thru rates	6,600	-	-	6,600
Coastal water project costs	15,651	-	-	15,651
Other regulatory assets	35,613	-	-	35,613
Regulatory assets	626,093	-	-	626,093
Other investments	-	-	-	-
Receivable from affiliates	-	-	-	-
Restricted funds	8,997	-	-	8,997
Goodwill	1,706,952	-	-	1,706,952
Intangible assets	-	-	-	-
Other	95,033	-	-	95,033
Total regulatory and other long-term assets	2,437,075	-	-	2,437,075
TOTAL ASSETS	\$ 12,268,004	\$ 245,000	\$ (245,000)	\$ 12,268,004

CAPITALIZATION AND LIABILITIES

	(Unaudited) March 31, 2008	\$245M Equity Infusion	Paydown \$245M STD	(Proforma) March 31, 2008
Capitalization				
Common Stock	1,600	-	-	1,600
Paid-In Capital	5,637,947	245,000	-	5,882,947
Retained Earnings	(1,811,602)	-	-	(1,811,602)
Accumulated Other Comprehensive Income	(18,522)	-	-	(18,522)
Unearned Compensation	-	-	-	-
Treasury Stock	-	-	-	-
Common stockholder's equity	\$ 3,809,423	\$ 245,000	\$ -	\$ 4,054,423
Preferred stock without mandatory redemption requirements	4,588	-	-	4,588
Long-term debt				
American Water Works Company, Inc.	-	-	-	-
Long-term debt	4,642,315	-	-	4,642,315
Redeemable preferred stock at redemption value	24,296	-	-	24,296
Total capitalization	8,480,602	245,000	-	8,725,602
Current liabilities				
Short-term debt	368,137	-	(245,000)	123,137
Current portion of long-term debt	90,188	-	-	90,188
Current portion of redeemable preferred stock at redemption value	-	-	-	-
Accounts payable	119,209	-	-	119,209
Taxes accrued, including federal income	56,536	-	-	56,536
Interest accrued	85,248	-	-	85,248
Liabilities of discontinued operations	-	-	-	-
Other	152,156	-	-	152,156
Total current liabilities	871,474	-	(245,000)	626,474
Regulatory and other long-term liabilities				
Advances for construction	652,536	-	-	652,536
Deferred income taxes	644,343	-	-	644,343
Deferred investment tax credits	34,957	-	-	34,957
Regulatory liability-cost of removal	202,019	-	-	202,019
Accrued pension expense	275,536	-	-	275,536
Accrued postretirement benefit expense	156,178	-	-	156,178
Other	116,596	-	-	116,596
Total regulatory and other long-term liabilities	2,082,165	-	-	2,082,165
Contributions in aid of construction	833,763	-	-	833,763
Commitments and contingencies	-	-	-	-
TOTAL CAPITALIZATION AND LIABILITIES	\$ 12,268,004	\$ 245,000	\$ (245,000)	\$ 12,268,004

Total Debt	\$ 4,884,504
Total Equity	\$ 4,054,423
Total Capitalization	\$ 8,938,927
Total Equity to Total Capitalization	45.36%

Proforma assumptions

- \$245M used to paydown STD with an average annual interest rate of 4.18%
- ETR = 39.1%